

PRIDE OF ST. TAMMANY, INC.

Audit of Financial Statements

June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/9/08

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Independent Auditor's Report

To the Board of Directors
Pride of St. Tammany, Inc.
Covington, Louisiana

We have audited the accompanying statement of financial position of Pride of St. Tammany, Inc. (the Organization), a non-profit organization, as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Pride of St. Tammany, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended* in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2007, on our consideration of Pride of St. Tammany, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Pride of St. Tammany, Inc. taken as a whole. The accompanying supplementary schedules for the year ended June 30, 2007, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules have been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A Professional Accounting Corporation

October 3, 2007

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PRIDE OF ST. TAMMANY, INC.
Statement of Financial Position
June 30, 2007

Assets

Current Assets

Cash and Cash Equivalents	\$	49,586
Accounts Receivable		51,746
Investments		<u>3,529</u>

Total Current Assets		<u>104,861</u>
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Furniture and Equipment

Computers		6,593
Office Equipment		19,548
Furniture and Fixtures		<u>2,868</u>
Total at Cost		29,009
Less: Accumulated Depreciation		<u>(8,158)</u>

Total Furniture and Equipment		<u>20,851</u>
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Total Assets	\$	<u>125,712</u>
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Liabilities and Net Assets

Current Liabilities	\$	<u>-</u>
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Total Current Liabilities		<u>-</u>
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Net Assets

Unrestricted		122,183
Temporarily Restricted		529
Permanently Restricted		<u>3,000</u>

Total Net Assets		<u>125,712</u>
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Total Liabilities and Net Assets	\$	<u>125,712</u>
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The accompanying notes are an integral part of these financial statements.

PRIDE OF ST. TAMMANY, INC.
Statement of Activities
For the Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Grants and Contracts	\$ 293,359	\$ -	\$ -	\$ 293,359
Program Fees	182,738	-	-	182,738
Donations/ Fundraising	27,074	-	-	27,074
Investment Income	-	181	-	181
Other Income	116	15	-	131
Total Support and Revenue	503,287	196	-	503,483
Expenses				
Program Services				
Prevention Programs	334,225	-	-	334,225
Training	1,148	-	-	1,148
Total Program Services	335,373	-	-	335,373
Supporting Services				
Management and General	130,008	-	-	130,008
Fundraising	31,800	-	-	31,800
Total Supporting Services	161,808	-	-	161,808
Total Expenses	497,181	-	-	497,181
Change in Net Assets	6,106	196	-	6,302
Net Assets, Beginning of Year	116,077	333	3,000	119,410
Net Assets, End of Year	\$ 122,183	\$ 529	\$ 3,000	\$ 125,712

The accompanying notes are an integral part of these financial statements.

PRIDE OF ST. TAMMANY, INC.
Statement of Cash Flows
For the Year Ended June 30, 2007

Cash Flows from Operating Activities	
Change in Net Assets	\$ 6,302
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Depreciation	2,504
Increase in Fair Value of Investments	(14)
Increase in Accounts Receivable	<u>(15,992)</u>
Total Adjustments	<u>(13,502)</u>
Net Cash Used in Operating Activities	<u>(7,200)</u>
Cash Flows from Investing Activities	
Purchase of Furniture, Fixtures and Equipment	(21,166)
Investment Dividends Reinvested	<u>(181)</u>
Net Cash Used in Investing Activities	<u>(21,347)</u>
Net Decrease in Cash and Cash Equivalents	(28,547)
Cash and Cash Equivalents, Beginning of Year	<u>78,133</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 49,586</u></u>

The accompanying notes are an integral part of these financial statements.

PRIDE OF ST. TAMMANY, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Pride of St. Tammany, Inc. (the Organization) was incorporated September 29, 1986. The Organization serves communities in St. Tammany and Washington Parishes in Louisiana by providing leadership training, family life skills, education and prevention programs designed to reduce the illegal use of alcohol, tobacco and other drugs.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

The Organization follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

The Organization also follows the guidance of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash, Cash Equivalents and Investments

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Investments are stated at fair market value in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and interest income is recognized when earned.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Furniture and Equipment	5 - 7 Years
Computers	3 - 5 Years

The Organization capitalizes substantially all assets whose useful lives extend beyond a one-year period.

PRIDE OF ST. TAMMANY, INC.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a tax-exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes in the accompanying financial statements.

Functional Expenses

Certain functional expenses have been allocated between Program Services and Supporting Services based on actual cost incurred for the related activities.

Note 2. Accounts Receivable

The detail of accounts receivable as of June 30, 2007, is as follows:

Prevention	\$ 20,945
TNT – CADA	6,000
COA	9,715
Treatment	3,211
LA – GOT	4,762
St. Tammany Parish School Board	2,100
Children's Trust Fund	<u>5,013</u>
Total	<u>\$ 51,746</u>

Accounts receivable at June 30, 2007 are considered to be fully collectible and due within one-year.

PRIDE OF ST. TAMMANY, INC.

Notes to Financial Statements

Note 3. Investments and Investment Income

As required by SFAS No. 124, investments are stated at their fair market value, which is determined in all cases by the published market prices. A recap of investments by category as of June 30, 2007, is as follows:

Vanguard GNMA Fund	<u>\$ 3,529</u>
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Components of investment income as of June 30, 2007, are as follows:

	Unrestricted	Temporarily Restricted	Total
Interest Income	\$ 116	\$ -	\$ 116
Dividend Income	-	181	181
Increase in Fair Market Value of Investments	-	15	15
Total	<u>\$ 116</u>	<u>\$ 196</u>	<u>\$ 312</u>

Note 4. Lease Obligations

The Organization occupies and operates its main office in Covington, Louisiana. On June 1, 1998, the Organization entered into a 60 month lease agreement, which required monthly payments of \$650. This lease was renewed on June 1, 2003, for another 60 months and requires a new monthly payment of \$750. Rent expense included in the accompanying financial statements for this lease was \$11,774 for the year ended June 30, 2007.

Estimated future minimum lease payments on the above lease are as follows for the year ended June 30th :

<u>Year Ended</u>	
2008	<u>\$ 8,250</u>
Total	<u>\$ 8,250</u>

Note 5. Concentration

The Organization receives the majority of its funding through Federal, State and local grants, and contracts with durations of one year or less.

PRIDE OF ST. TAMMANY, INC.

Notes to Financial Statements

Note 6. Advertising Expense

The Organization expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2007, was \$3,763.

Note 7. Fixed Assets

Depreciation expense for the year ended June 30, 2007, was \$2,504.

All assets acquired with Department of Health and Human Services funds are owned by the Organization, while used in the program for which it was purchased. The Department of Health and Human Services, however, has a reversionary interest in these assets. Should these contracts not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Note 8. Restricted Assets

The Organization received a donation of \$3,000 in a previous year, which is held in an investment account. The principle of this balance is permanently restricted. The investment income earned, however, can be used for scholarships and is reflected as temporarily restricted.

Note 9. Pension Plan

The Organization offers a defined contribution pension plan covering all employees with annual compensation of \$5,000 or more. All eligible employees have the option to contribute up to the maximum amount as permitted by the Internal Revenue Service. The Organization matches up to 3% of all covered employees' salaries annually. Pension expense amounted to \$3,125 for the year ended June 30, 2007, which is included in payroll taxes and benefits in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

PRIDE OF ST. TAMMANY, INC.
Schedule of Functional Expenses
For the Year Ended June 30, 2007

	Program Services			Supporting Services		
	Prevention Programs	Training	Sub Total	Management and General	Fund Raising	Sub Total
Salaries and Benefits	\$ 90,406	\$ -	\$ 90,406	\$ 109,886	\$ -	\$ 109,886
Advertising	3,323	-	3,323	440	-	440
Dues and Subscriptions	439	180	619	48	-	48
Insurance	3,029	-	3,029	1,732	-	1,732
Postage	3,508	31	3,539	22	-	22
Printing	2,697	-	2,697	2,840	-	2,840
Program Delivery	3,942	-	3,942	-	-	-
Professional Services	66,064	-	66,064	5,675	31,800	37,475
Recognition	800	-	800	125	-	125
Rent	11,775	-	11,775	-	-	-
Supplies	59,680	93	59,773	6,242	-	6,242
Training	24,790	375	25,165	-	-	-
Travel	53,230	469	53,699	494	-	494
Uniforms	4,554	-	4,554	-	-	-
Utilities and Telephone	5,988	-	5,988	-	-	-
Total	334,225	1,148	335,373	127,504	31,800	159,304
Depreciation	-	-	-	2,504	-	2,504
Total	\$ 334,225	\$ 1,148	\$ 335,373	\$ 130,008	\$ 31,800	\$ 161,808
						\$ 497,181

PRIDE OF ST. TAMMANY, INC.
Schedule of Grants and Contracts
For the Year Ended June 30, 2007

	Grant or Contract #	Amount
State of Louisiana		
Department of Health and Hospitals		
Prevention	611404	\$ 143,064
Treatment	611401	20,399
Children of Alcoholics	611164	57,100
Teen Institute	609745	19,128
 Department of Social Services		
Children's Trust Fund	625944	15,193
 St. Tammany Parish School Board		
Second Chance		12,600
 Council on Alcohol and Drug Abuse		
TNT		24,000
SELAPP		875
TADAC		<u>1,000</u>
 Total		<u>\$ 293,359</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Pride of St. Tammany, Inc.
Covington, Louisiana

We have audited the financial statements of the Pride of St. Tammany, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon dated October 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Pride of St. Tammany, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pride of St. Tammany, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pride of St. Tammany, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Pride of St. Tammany, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Pride of St. Tammany, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Pride of St. Tammany, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Pride of St. Tammany, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pride of St. Tammany, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



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October 3, 2007